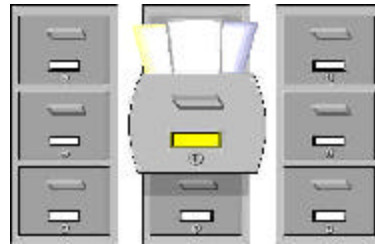


# FINANCIAL RECORDS: GETTING ORGANIZED



## A mini-lesson for:

secondary school teachers  
adult and community educators  
students and consumers

This mini-lesson includes learning objectives, background information, discussion questions, activities, checklists and sources of additional information.

## OBJECTIVES

Learners will:

- ◆ discuss advantages of recordkeeping
- ◆ establish a system for maintaining financial records

## Keep the Record Straight

Do you belong to the accumulate and procrastinate school of personal financial recordkeeping? This mini-lesson will help you bring order out of chaos, to keep what you need and toss the rest.

Personal documents, household records and important legal papers accumulate continually. A recordkeeping system will help you organize the important information concerning your household financial affairs and keep track of your personal finances and hard-to-replace documents. Another benefit is to have all your tax records and documents in a designated space so you can prepare your tax returns in a shorter time with more accuracy.

An important benefit of keeping orderly records is that you can document payments when required, such as to prove payment of child support, medical bills to insurance companies, or to obtain warranty coverage. Also you can document losses for fire damage or theft for insurance claims. Recordkeeping can help you save time and money while giving you peace of mind.

Setting up a recordkeeping system includes four steps:

1. Gather and organize financial information.
2. Decide where each type of record should be kept -- in a home file or safe deposit box.
3. Organize the records kept in your home file and place appropriate records in a safe-deposit box.

4. Review and discard unneeded records.

## Step 1: Organize Financial Information

Organizing important personal information will make money management easier for you and for others who may be responsible for handling your financial affairs. When you organize financial papers, the first step is to locate all of the documents and related information such as phone and account numbers. Gather information in the categories such as:

- ◆ personal papers such as birth, marriage and death certificates, divorce decrees, adoption papers, passports, citizenship papers, military service records
- ◆ automobile and other titles
- ◆ certificates of deposit or bank savings certificates
- ◆ list of insurance policies and their numbers
- ◆ property records, title and deeds
- ◆ records of home improvements
- ◆ legal papers, leases and contracts
- ◆ copy of household goods inventory with photos or video

- ◆ names and addresses of your financial advisors and financial institutions
- ◆ copy of financial plans, net worth statements
- ◆ list of checking and savings accounts by financial institution
- ◆ papers pertaining to valuable property such as jewelry, silverware

## Step 2: Decide Where to Store Your Financial Records

Financial records can be kept either in a home file or in a safe-deposit box at a financial institution. Active records and those of limited value can be kept in a home file. Consider using a safe-deposit box to store records that would be difficult to replace. The Personal Financial Information Record should be reviewed annually and when there are major changes such as marriage, divorce, or death of family member.

## Step 3: Organize and Store Records Kept at Home

The financial records and documents you keep at home can be organized into several categories: Home Recordkeeping Categories and adding or deleting categories as needed.

Select a convenient place such as in the kitchen or home office area to keep important household financial documents. A file cabinet that is fire and water resistant makes good sense. Or you can simply use an inexpensive cardboard box that holds file folders. Keep it handy, where it can be accessed easily, probably not on the top shelf of the closet. Store duplicates of important household papers in a safe place outside of your home.

At least one other person should know where all important records are kept and how they are organized, so that in an emergency that person can locate information quickly. A logical place to keep this information would be at the front of the active files. The information should include a list of items in the safe-deposit box and where the key is located.

## Step 4: Review and Discard Unneeded Records

You will accumulate many financial papers over time so it is important to know what and how long to keep them. You can also separate papers into active and inactive files.

- ◆ Personal records that provide documentation of events such as birth, marriage, divorce, death, military service, adoption, naturalization and medical records should be kept permanently. Personal statements such as preferred funeral arrangements should be dated and a copy provided to a close friend or relative.
- ◆ Tax records such as federal and state income taxes, gift and estate tax returns should be kept at least six years. The IRS has three years from the time of filing to assess additional taxes. The time period can be extended however, if you substantially underreported income or for a fraudulent return. Some financial advisors suggest that you keep a copy of your tax returns with documentation for at least 10 years. For tax purposes, papers documenting home purchase and improvements should be kept as long as you own the property or are rolling over profits into new property.
- ◆ Housing and investment records such as titles, deeds, trust agreements, wills, retirement plan agreements, and power of attorney documents should be kept as long as the agreements are in effect. Investment purchase and sale records should be kept for 6 years after the tax deadline for the year of sale.

- ◆ Consumer purchase records, such as receipts and warranties for major purchases should be kept as long as you own the item or until the warranty expires.

To avoid storing unnecessary paper, once a year you can decide which records to keep and which to throw out. Keep records in active files that you refer to regularly, such as current bank statements, canceled checks, bills, receipts, and tax deductible items. Other records, such as last year's tax and bank records, can be stored in an inactive area.

# DISCUSSION AND TOPICS

1. List reasons why having a recordkeeping system is important.
2. Suggest categories for organizing household records and documents.
3. Which records should be kept in a safe-deposit box and why?
4. Why save information about home purchase and improvements?
5. How long should tax records be saved?

# ACTIVITY

Have students gather and organize their financial information. Review and update as necessary.

Have them place one copy of their filing system with their records at home and another in their safe-deposit box or lock-box. Be sure they have at least one other person that is familiar with their system and knows where the records are kept.

Give students brochure.

## SOURCES OF ADDITIONAL INFORMATION

### Articles

***All You Need To Know About Keeping Financial Records*** by Ken and Daria Doran, Money Magazine, p. 33, (April 1994).

***The Best Investment Software*** by Gregory Spears, Kiplinger's Personal Finance Magazine, pp. 99-107, (November 1996).

***For The Record*** by Steve Kichen, Forbes Magazine, pp. 222-224, (June 19, 1995).

***Keeping Track Of Your Cash Flow*** by Gracian Mack, Black Enterprise, pp. 93-95, (October 1994).



***Personal Finance Software***, Consumer Guide Magazine, pp. 197-200, (September 15, 1996).

***They're Living the Good Life on \$17,580 a year*** by Lesley Alderman, Money Magazine, pp. 132-136, (January 1997).

***Top Personal-Finance Software*** by Jim Sulski, Consumer's Digest, pp. 61-63, (September-October 1996).

***Two Family Budgets: Different Means, Similar Ends*** by Christine Duff, The Wall Street Journal, p. B1, (April 14, 1997).

***Use Your Computer To Stay A Step Ahead Of Events That Could Devour Your Budget*** by Eric Tyson, Money Magazine, p. 37, (June 1996).

***What Works and what Doesn't in the World of Digital Finance*** by Peter Keating, Money Magazine, pp. 134-143, (July 1996).

***What You Should Do Now So Your Loved Ones Will Know What To Do When You Die*** by Ken and Daria Doran, Money Magazine, p. 31, (January 1996).

## Book

***Get A Financial Life; Personal Finance In Your Twenties And Thirties*** by Beth Kobliner. A Fireside Book/Simon & Schuster, (1996). \$11.00.

## Software

**Nolo's Personal Recordkeeper 4.0 Software.** Nolo Press, 950 Parker Street, Berkeley, CA 94710. Telephone: 1-800-992-6656. IBM/Win code RKP4 and Mac code RKM4. \$29.97. 1996.

**Quicken Deluxe Software.** Intuit, P.O. Box 7850, Mountainview, CA 94039-7850. Telephone: 1-800-433-8810. IBM/Win and Mac, \$59.95. 1996.

## Internet

**Financial Records - Which to keep, which to toss at**  
[http://www.findarticles.com/m3229/n21\\_v75/21275899/p1/article.jhtml](http://www.findarticles.com/m3229/n21_v75/21275899/p1/article.jhtml)

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4. Organize the records kept in your home file and place appropriate records in a safe-deposit box.
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The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available, such as:

Answers to Credit Problems  
Applying for Credit  
At Home Shopping Rights  
Bankruptcy Facts  
Buried in Debt  
Car Financing Scams  
Charge Card Fraud  
Choosing A Credit Card  
Co-Signing  
Credit and Divorce  
Credit and Older Consumers  
Deep in Debt?  
Equal Credit Opportunity  
Fair Credit Reporting  
Fair Debt Collection  
Gold Cards  
Hang up on Fraud  
High Rate Mortgages  
Home Equity Credit Lines  
How to Avoid Bankruptcy  
Indiana Uniform Consumer Credit Code  
Look Before you Lease  
Mortgage Loans  
Repossession  
Reverse Mortgage Loans  
Rule of 78s – What is it?  
Scoring for Credit  
Shopping for Credit  
Using Credit Cards  
Variable Rate Credit  
What is a Budget?  
What is the DFI?

Call our toll-free number or write to the address on the cover for a copy of any of the brochures listed or for further consumer credit information. You can also access information at our web site on the Internet: <http://www.dfi.state.in.us>, then click on Consumer Credit.



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